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30 October 1959



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# CENTRAL INTELLIGENCE BULLETIN



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## DAILY BRIEF

### I. THE COMMUNIST BLOC

Communist China - USSR: [Peiping's desire to diminish Soviet influence and increase Chinese influence in Asian Communist movements was indicated to [redacted]

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[redacted] Mao Tse-tung suggested that the problems facing Asian Communists are better appreciated by the Chinese, who are closer to the scene.]

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Hungary: [Factional clashes within the politburo and central committee of the Hungarian party reportedly again erupted during this fall's pre-congress discussions of the draft Five-Year Plan for 1961-65. Party functionaries expect the expulsion of anti-Kadar dissidents from the leadership at the congress, which opens on 30 November. These Stalinist elements are said to have attacked party First Secretary Kadar's policies on agricultural collectivization and consumer goods production, in terms reminiscent of those used by former party leader Rakosi in his attacks against the relatively liberal "New Course" in 1955]

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Correction: [redacted]

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[redacted] For a fuller version of the item, see Part III, Page 1 of the Current Intelligence Weekly Review and Current Intelligence Weekly Summary dated 29 October 1959. [redacted]

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## II. ASIA-AFRICA

Sudan: [Disgruntled junior army officers are continuing their preparations for an early coup attempt despite their knowledge that the government is aware of some aspects of their planning and the identity of many of their adherents. They have]

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[postponed initiation of their move several times, but they seem to believe that they can succeed, even without a strong element of surprise. The Abboud government is unstable and unpopular, and the dissident officers are reported to have strong backing in the Eastern and Central commands, but loyal military forces appear capable of thwarting any move by these elements in the immediate future.]

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### III. THE WEST

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Venezuela: Economic problems confronting the coalition of President Betancourt could touch off a political crisis. Depletion of the country's foreign exchange and signs of growing opposition to foreign investments in iron and oil are causing a loss of business confidence. Betancourt's broad military and civilian support was recently demonstrated when the government acted against conspiratorial activity, but considerable unrest apparently prevails beneath the surface calm. The mid-October transfer of 30 military officers to posts outside Caracas suggests that some dissidence exists within the armed forces. (Page 6)

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### IV. SIGNIFICANT INTELLIGENCE REPORTS AND ESTIMATES

(Available during the preceding week)

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Austria's Position Between East and West. SNIE 25-59.  
27 Oct 59. [redacted]

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## I. THE COMMUNIST BLOC

### Mao Tse-tung Indicates Desire to Increase Influence in Asian Communist Parties

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Peiping's desire to diminish Soviet influence and increase its own in Asian Communist movements were indicated to

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Mao

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Tse-tung hinted that the Chinese want to lead the Asian Communist parties on the grounds that the problems facing Asian Communists are better appreciated by the Chinese.

Whatever its claims to keener insight into Asian Communist problems, Peiping's advice, like Moscow's, has in fact served primarily to advance its own foreign policy interests and only secondarily the interests of the Asian Communists. The Indian Communists, for example, were asked by Peiping to take a pro-Chinese stand on the Tibet revolt. Later, they were embarrassed by vehement Chinese statements--including attacks on "Indian expansionists"--and had to advise the Chinese to moderate their attacks on New Delhi.

Peiping in the past year has had considerable contact with Communist leaders from Japan, Indonesia, and India. In an effort to avoid the appearance of directly challenging Moscow's influence, however, Chinese counsel has generally been offered as complementary to rather than competitive with that of the USSR. Peiping apparently agreed with Soviet advice to the Indian Communists to rely on "parliamentary means" to come to power; but the Chinese went on to counsel the Indian party to adopt a "tougher" line than it has previously followed in opposing certain policies of the Congress party. "United front" tactics for the Japanese Communists, apparently sanctioned by Moscow, were reaffirmed as appropriate for the Japanese party in the communiqué signed in Peiping on 20 October between Liu Shao-chi and party chairman Nosaka.

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[redacted] 25X1

Hungarian Party Factionalism on Eve of Congress

[Acrimonious factional debate within the politburo and central committee of the Hungarian party has broken out over the extent and direction of agricultural and industrial development during the period of the next Five-Year Plan, 1961-65, [redacted] 25X1

25X1 [redacted] The last time a factional struggle within the Hungarian party reached similar heights--at the party conference in June 1957--it was glossed over, but the basic issues were not resolved. Intraparty unity was again threatened during the December 1958 central committee meeting, by the decision to speed up collectivization.]

[Stalinist elements led by Deputy Premier and politburo member Antal Apro, Minister of Heavy Industry Janos Czergo, and the director of the party's central school, Geza Kassai, favor a more rapid completion of agricultural collectivization and greater emphasis on the expansion of heavy industry than is called for in party leader Kadar's draft plan. The group reportedly advanced its views at a central committee meeting in September, but was rebuffed by Kadar's supporters, from whom politburo member Jenő Fock was then designated to present the draft plan to the Congress on 30 November instead of Apro, who was reportedly in line for the assignment.]

[Apro then is said to have formalized his objections in a memorandum which he asked Soviet Ambassador Shtykov to forward to Moscow. Shtykov is known to have left for Moscow unexpectedly on 26 October. In the meantime, Apro has twice taken issue publicly with the draft plan's provisions on agriculture. On 16 October he called for the complete "socialist" reorganization of agriculture by 1965--a goal carefully avoided in the plan--and on 24 October he said that present conditions favor the "total socialist transformation" of the villages within the next five years.]

[Despite these implicit disagreements, Apro was chosen to deliver a report on deficiencies in Hungary's present economic planning to another central committee meeting on 22 October. While no decision on his future has apparently yet been made,]

party functionaries reportedly anticipate that Apro and his extremist colleagues will be demoted at the congress. Press criticism of "dogmatists" and "sectarians"--ostensibly within the party's lower ranks--has become increasingly bitter during the past four weeks, suggesting that Kadar may be planning decisive action to overcome the influence of Stalinist elements in both the higher and lower levels of the party apparatus.]

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### III. THE WEST

#### Situation in Venezuela

Venezuelan President Betancourt's coalition is confronted by economic problems--especially a decline of foreign exchange and a loss of business confidence--which could touch off a serious political crisis. At the end of August, Venezuelan exchange reserves, although the highest in Latin America, had dropped to about \$930,000,000, and less than a third of this amount was in liquid dollar reserves, which have been dwindling rapidly. The president of Venezuela's largest oil company has expressed concern that the need for foreign exchange may cause the sale of gold that makes up the remainder of the exchange reserves, and that this would cause a complete loss of confidence abroad and a panic in Venezuela. He said the government had already asked the oil industry to buy \$300,000,000 worth of short-term treasury notes.

The uncertainty has been compounded by rumors of plotting and financial deterioration; by recent policy statements by the minister of mines unfavorable to the economically important foreign-owned oil and mining interests; and by the threat of a paralyzing strike accompanied by violence if negotiations for a new oil-workers contract fail.

The basic stability of Betancourt's regime was demonstrated by the broad civilian and military support which rallied to him after the government arrested about 40 persons in Caracas for conspiratorial activity on 12-13 October. The recent transfer of 30 military officers to posts outside the capital suggests, however, that dissidence is present in some degree in the armed forces.

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